

Text: *Modern Labor Economics: Theory and Public Policy*, 10th edition, by Ronald G. Ehrenberg and Robert S. Smith.

COURSE OUTLINE

- I. Introductory material, Chs. 1 and 2, pp. 166-171.
- II. Labor Supply, pp. 171-205.

Important topics: theory of time allocation; labor force participation; hours of work; empirical evidence; incentive effects of income maintenance and replacement programs.
- III. Labor Demand, Chs. 3 and 4.

Important topics: marginal productivity theory of labor demand; long run labor demand; labor market effects of payroll taxes and payroll subsidies; Hicks-Marshall laws of derived demand; economics of the minimum wage; labor market effects of technological change.
- IV. Labor Market Effects of International Trade, Ch. 16.

Important topics: production sharing; effects of trade on labor demand; wage convergence
- V. Monopsony, pp. 128-144.

Important topics: monopsony
- VI. Human Capital Investment, Ch. 9 and pp. 144-162.

Important topics: the demand for education; age-earnings profiles; the investment value of education; general and specific on-the-job training
- VII. Labor Mobility, pp.324-347.

Important topics: geographic mobility; economics of immigration
- VIII. Personnel Economics, Ch. 11.

Important topics: the employment contract; motivating workers; productivity and the basis of pay; productivity and the sequencing of pay
- IX. Economics of Labor Unions, pp. 445-454, 458-466, and 474-488.

Important topics: union membership; the monopoly-union model; union wage effects
- X. Labor Market Discrimination, Ch. 12.

Important topics: types of unemployment; job search models; implicit contracts

XI. Income Inequality, Ch. 15 and appendix.

Important topics: measuring inequality; trends in inequality; causes of rising inequality

XII. Unemployment, Ch. 14.

Important topics: types of unemployment; unemployment insurance; efficiency wages; the natural rate of unemployment